

SECTION 25B : PUPIL TRANSFERS BETWEEN DISTRICTS INFORMATION & GUIDELINES FOR SCHOOL YEAR 2000-2001 AND FOLLOWING

State School Aid Act Section 25b describes the method of payment from one district to another in the event that 25 pupils or 1% of a district's membership, whichever is greater, transfer to the district following the pupil membership count day. There are certain criteria which must be met in order for a district to bill another district under this section. Specifically...

- C if a district enrolls pupils following the count day who were counted in membership on the count day in one of **up to three other districts** specified by the enrolling district,

AND

- C if the number of pupils enrolled following the count day who had transferred from the three specified districts equals **at least 25 or at least 1% of the district's membership**, whichever is greater,

...the enrolling district may charge the districts that counted those pupils in membership on the count day for a portion of the state aid generated. The enrolling district must report the information to both the Department and to the district(s) in which the pupils were counted in membership. The district(s) in which the pupils were counted in membership will be required to pay to the educating district that portion of their foundation allowance, as calculated under Section 20, being generated by the counting of those pupils in membership, that represents the portion of the school year being spent in the enrolling district. If the district does not make the required payment within 30 days, the Department will calculate the amount owed and will make the necessary state aid payment adjustments.

Following is information to assist in determining whether a district is eligible under this section; a listing of the types of information needed in order to bill another district under this section; and guidelines for determining the billing amount. Assistance in any or all of these areas can be obtained by contacting staff of the Office of State Aid & School Finance, Michigan Department of Education at (517) 373-3350 or hanrahand@state.mi.us.

HOW TO DETERMINE WHETHER A DISTRICT IS ELIGIBLE UNDER § 25B

The following steps provide questions that assist in determining whether or not a district is eligible to bill another district for pupils who transferred into the district following the pupil membership count day, pursuant to Section 25b.

(1) Did any new pupils enroll in the district during the 2000-2001 school year following the September 27, 2000 pupil membership count date? If yes, proceed.

(2) Were these pupils enrolled in a Michigan public school district (including public school academies) on the count date? If yes, proceed.

NOTE: The enrollment after the count date of a pupil who transferred from a nonpublic school or a home school or from a school in another state or country is not applicable under this section. Neither is the enrollment of a pupil who was not enrolled in any school on the count date. In those cases, the pupil was not counted in membership on the count date by a Michigan public school district; therefore, there was no state aid generated on behalf of that pupil and no state aid for which to bill.

(3) How many pupils were enrolled after the count date who were enrolled in another Michigan public school on the count date?

NOTE: This count does NOT include adult education participants. It includes only K-12 (including alternative education) pupils.

(4) Determine the new enrollment threshold number for the district. This will be equal to 1% of the district's membership or 25 pupils, whichever is greater. The determination of this number is related to the 2000-2001 blended membership of the district that enrolled the pupils following the count date. The membership of the districts from which the pupils transferred does not come into play in this determination.

(a) Was the district's 2000-2001 blended membership less than 2,500 FTE? If so, the enrollment threshold number is 25 (since 25 will be greater than 1% of membership).

(b) Was the district's 2000-2001 blended membership greater than 2,500 FTE? (The blended membership is, in most cases, equal to 20% of the February 2000 pupil count plus 80% of the district's September 2000 pupil count.) Multiply the membership figure by .01. The resulting figure is the new enrollment threshold figure.

Examples.

<u>2000-01 blended membership</u>	<u>enrollment threshold</u>
150	25
900	25
1,800	25
4,200	42
8,500	85
16,300	163

(5) Does the number of pupils who enrolled following the pupil membership count date (from #3 above) **equal or exceed** the district's new enrollment threshold figure (from #4 above)? If yes, proceed.

(6) Did the pupils who enrolled following the count date transfer in from **three or fewer public school districts/academies** on the count day? If yes, **THE DISTRICT IS ELIGIBLE**. If more than three, proceed to #7.

(7) If the newly enrolled pupils transferred from more than three districts/academies, determine whether the district would be eligible if only the pupils from three districts/academies were counted.

- (a) List the districts and academies from which the pupils transferred after the count date.
- (b) List the number of pupils who transferred from each of the districts / academies listed.
- (c) Identify the three largest numbers of pupils and add these three numbers together.

If the sum of the three largest numbers of pupils equals or exceeds the district's new enrollment threshold figure (from #4 above), **THE DISTRICT IS ELIGIBLE.**

INFORMATION NEEDED IN ORDER TO BILL A DISTRICT UNDER § 25B

The following information will be needed about **each pupil** when the district prepares communications and billing amounts. NOTE that the district may only bill for the pupils from up to three other districts with a combined count of transferred-in pupils that meets or exceeds the enrollment threshold figure.

- C The pupil's **name** (Additional information, such as date of birth, may be needed for pupils from a relatively large district in order to verify the pupil's identity.)
- C The **date of enrollment**
- C The **district** (and the building, if possible) from which the pupil transferred and whether or not the district is a first or second year PSA (as opposed to a traditional public school district or a PSA in its third or later year)
- C The **foundation allowance** per pupil of the district from which the pupil transferred (Note that the maximum foundation allowance to be used in this regard for 2000-2001 is \$7,500.00.)
- C The **number of days** on the building or district calendar of the newly enrolling district from the date on which the pupil enrolled through the end of the school year (or through the date on which the pupil transferred out, if applicable).

STEPS FOR DETERMINING THE BILLING AMOUNT

The amount to be billed for a pupil who transferred from one district to another following the pupil membership count date, given that the district into which the pupil transferred meets the eligibility criteria of Section 25b, is based upon (1) **the state aid generated** on behalf of the pupil on the membership count date; and (2) **the proportion of days** the pupil was enrolled in the newly enrolling district.

To determine the state aid generated on behalf of the pupil, the information needed is:

A = the **foundation allowance** per pupil of the district that counted the pupil in membership on the count date; and

YES / NO - whether the district from which the pupil transferred is a public school academy in its first or second year of operation.

C The calculation of the state aid generated on behalf of the pupil, reflecting a district that **IS** a public school academy in its first or second year of operation is:
 [A X 50%].

C The calculation of the state aid generated on behalf of the pupil, reflecting a district that **IS NOT** a public school academy in its first or second year of operation is:
 [A X 80%].

C The calculation of the state aid generated on behalf of the pupil, reflecting a district with 2000-2001 foundation allowance greater than \$7,500.00 is:
 [\$7,500.00 X 80%].

Keep in mind that the result of this first calculation is NOT the billing amount. This figure must be modified by the proportion of days the pupil was in the district.

Examples.

1) John Doe was claimed in membership by Sunnydale Community Schools, a traditional public school district, with a FY2001 foundation allowance of \$6,000.00. The calculation is:
 [\$6,000.00 X 80%] = \$4,800.00.

2) Jane Smith was claimed in membership by Pleasant Valley Academy, a second year PSA, with a FY2001 foundation allowance of \$6,500.00. The calculation is:
 [\$6,500.00 X 50%] = \$3,250.00.

Note: If the pupil was enrolled as a part-time pupil in the district that claimed the pupil in membership on the pupil membership count day, these calculations would have to be further modified by the pupil's full-time equivalency (FTE) on the count day.

To determine the proportion of days the pupil was enrolled in the newly enrolling district,
the information needed is:

B = the number of pupil instruction days on the building or district calendar of the newly enrolling district, from the date on which the pupil enrolled through the end of the school year.

- C The calculation of the proportion of days the pupil was enrolled in the newly enrolling district is:
[B / 180 days].

Examples.

3) Beginning with the day John Doe enrolled in Center City Schools, the newly enrolling district, there were **132** pupil instruction days remaining on Center City Schools' calendar.

$$[132 / 180] = .7333.$$

4) Beginning with the day Jane Smith enrolled in Center City Schools, the newly enrolling district, there were **150** pupil instruction days remaining on Center City Schools' calendar.

$$[150 / 180] = .8333.$$

Determining the billing amount:

Once the information is gathered to determine (1) **the state aid generated** on behalf of the pupil on the membership count date; and (2) **the proportion of days** the pupil was enrolled in the newly enrolling district, the final billing amount can be calculated, which is equal to:

$$[A \times 50\%] \times [B / 180]$$

if the pupil transferred in from a public school academy in its first or second year of operation,
or:

$$[A \times 80\%] \times [B / 180]$$

if the pupil transferred in from a traditional public school district or a public school academy in its third or later year of operation.

Examples (based upon the examples used above).

5) John Doe was claimed in membership by Sunnydale Community Schools, a **traditional public school district**, with a FY2001 foundation allowance of **\$6,000.00**. Beginning with the day he enrolled in Center City Schools, the newly enrolling district, there were **132** pupil instruction days remaining on Center City Schools' calendar. The calculation is:

$$\begin{aligned} & [\$6,000.00 \times 80\%] \times [132 / 180] \\ & = \$4,800.00 \times .7333 \\ & = \$3,519.84. \end{aligned}$$

6) Jane Smith was claimed in membership by Pleasant Valley Academy, a **second year PSA**, with a FY2001 foundation allowance of **\$6,500.00**. Beginning with the day she enrolled in Center City Schools, the newly enrolling district, there were **150** pupil instruction days remaining on Center City Schools' calendar. The calculation is:

$$\begin{aligned} & [\$6,500.00 \times 50\%] \times [150 / 180] \\ = & \$3,250.00 \times .8333 \\ = & \$2,708.23. \end{aligned}$$

HOW TO BILL THE ORIGINAL DISTRICT

Communications between the two districts should be in writing, with the following recommended content:

- C Section 25b should be clearly cited in the body of the letter.
- C Include the name and telephone number / e-mail address of the staff person in the district who should be contacted if questions arise.
- C It is recommended that a time frame for a response be included in the letter as well.
- C Any spreadsheets or other calculation information that is the basis for the billing amount should accompany the letter.
- C The Intermediate School District(s) as well as the Office of State Aid & School Finance at the Michigan Department of Education should be provided copies of the correspondence.

If there is disagreement between the two districts on the information used to calculate the billing amount that cannot be resolved with additional communication, the Intermediate School District should be contacted to verify pupil enrollment information. **If a district does not make the payment** required under Section 25b within 30 days of being notified, the Department of Education, Office of State Aid & School Finance should be contacted to make a state aid adjustment. The Department is statutorily authorized to intervene in this regard. *Please note that the billing district should take into consideration the time of year during which the billing is taking place and may adjust the 30 day time frame accordingly to be more reasonable.*

ADDITIONAL INFORMATION

A listing of school districts and public school academies and their 2000-2001 foundation allowance amounts can be accessed on the web at:

<http://www.state.mi.us/mde/off/stateaid/index.htm#stateaid>.

The text of State School Aid Act Section 25b is enclosed.

For additional assistance, contact the staff of the MDE Office of State Aid & School Finance at (517) 373-3350 or hanrahand@state.mi.us.

Section 25b of the State School Aid Act

Sec. 25b.

(1) This section applies to a district's enrollment of a pupil if all of the following apply:

(a) The pupil transfers from 1 of 3 other districts specified by the educating district and enrolls in the district after the pupil membership count day.

(b) Due to the pupil's enrollment status as of the pupil membership count day, the pupil was counted in membership in the district from which he or she transfers.

(c) The total number of pupils enrolled in the district who are described in subdivisions (a) and (b) and who transfer from 1 of the 3 other districts specified by the educating district is at least equal to the greater of 25 or 1% of the educating district's membership.

(2) If the conditions specified in subsection (1) are met, and a pupil transfers from 1 of the 3 other specified districts described in subsection (1)(c) and enrolls during a school year in the educating district, the educating district shall report the enrollment information to the department and to the district in which the pupil is counted in membership, and the district in which the pupil is counted in membership shall pay to the educating district an amount equal to the amount of the foundation allowance or per pupil payment as calculated under section 20 for the district in which the pupil is counted in membership, prorated according to the number of days of the school year ending in the fiscal year the pupil is educated in the educating district compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the district in which the pupil is counted in membership. The foundation allowance or per pupil payment shall be adjusted by the pupil's full-time equated status as affected by the membership definition under section 6(4). If a district does not make the payment required under this section within 30 days after receipt of the report, the department shall calculate the amount owed, shall deduct that amount from the remaining state school aid payments to the district for that fiscal year under this act, and shall pay that amount to the educating district. The district in which the pupil is counted in membership and the educating district shall provide to the department all information the department requires to enforce this section.

(3) As used in this section, "educating district" means the district in which a pupil enrolls after the pupil membership count day as described in subsection (1).